

High grade Paxton's intersection at Exhibition

11 December 2006

ASX Code : HEG, HEGO A

Assays have now been received for the central veins of the Paxton's vein set in HHD30 with the veins averaging 106g/tAu over 1.4 metre (0.9m true width). The hanging wall vein is 422.7g/tAu over 0.33m and carrying abundant visible gold, which is a hallmark of the high grade Exhibition area, and the foot wall vein is 40.9g/tAu over 0.22m. The HHD30 intersection is part of the high grade Paxton's shoot and is located 30 metres south of a central vein intersection in hole NRI005, which averaged 208.2g/tAu over 0.88m (0.8m true width), including 546g/tAu over 0.33m and 16.7g/tAu over 0.18m.

Drilling to date has outlined the Paxton's central vein high grade shoot at about 190 metres long. It is interpreted to be closely associated with other high grade shoots in the parallel vein sets of Frenchman's, Steven's, Mica, Phillipson's and Amalgamated, although Frenchman's is partially mined to approximately 100 metres below surface. Broad zones of coarse gold mineralised quartz veining up to 80 metres total width can link the parallel vein sets.

The Paxton's central vein intersection in HHD30 at 183 metres is part of the Paxton's vein set of mineralised quartz veining, which has been intersected down hole from 167 metres to 189 metres; the balance of which is yet to be assayed.

A later hole HHD31, which is located 50 metres south of HHD30, has been completed at a depth of 320 metres with visible gold again observed in the Paxton's vein set.

The HHD30 Paxton's sample was assayed by the 'amalgam' assay technique, which uses gravity recovery and mercury amalgamation to recover the coarse gold, followed by assaying of the amalgam and the gravity concentrate and tail pulps. Sample preparation and gravity recovery were done by Metcon Laboratories in Sydney and the amalgam and pulp fire assaying were done by SGS in Townsville. The amalgam technique is more reliable for rich, coarse gold samples than screen fire assaying at ALS in Orange. The amalgam assay procedure also provides an indication of gravity recovery performance, which for this Paxton's sample was an excellent 98%, after grinding to a nominal size of less than 0.5mm.

Preparation for mining and sampling of the Exhibition high grade area has commenced with mining, processing and hydrological studies underway. Following sampling and test processing, the Exhibition high grade area target potential is expected to be of the order of 100,000 tonnes at 20 – 30g/t with potential for expansion along strike and at depth.

Hole HHD32 has commenced approximately 150 metres along strike to the south of HHD31 to test for southerly extensions of the Cornelian area high grade gold mineralisation.

Diamond drill intersections in the Paxton's vein set to date are in the attached table.

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The information in this report relating to Exploration Results or Mineral Resources is based on information compiled by Philip Bruce. Mr Bruce is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (The JORC Code). Mr Bruce consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

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Attached : Table showing the Paxton's vein set intersections in the Exhibition Area, Reward.

Paxton's vein set intersections in Exhibition Area, Reward from south to north.

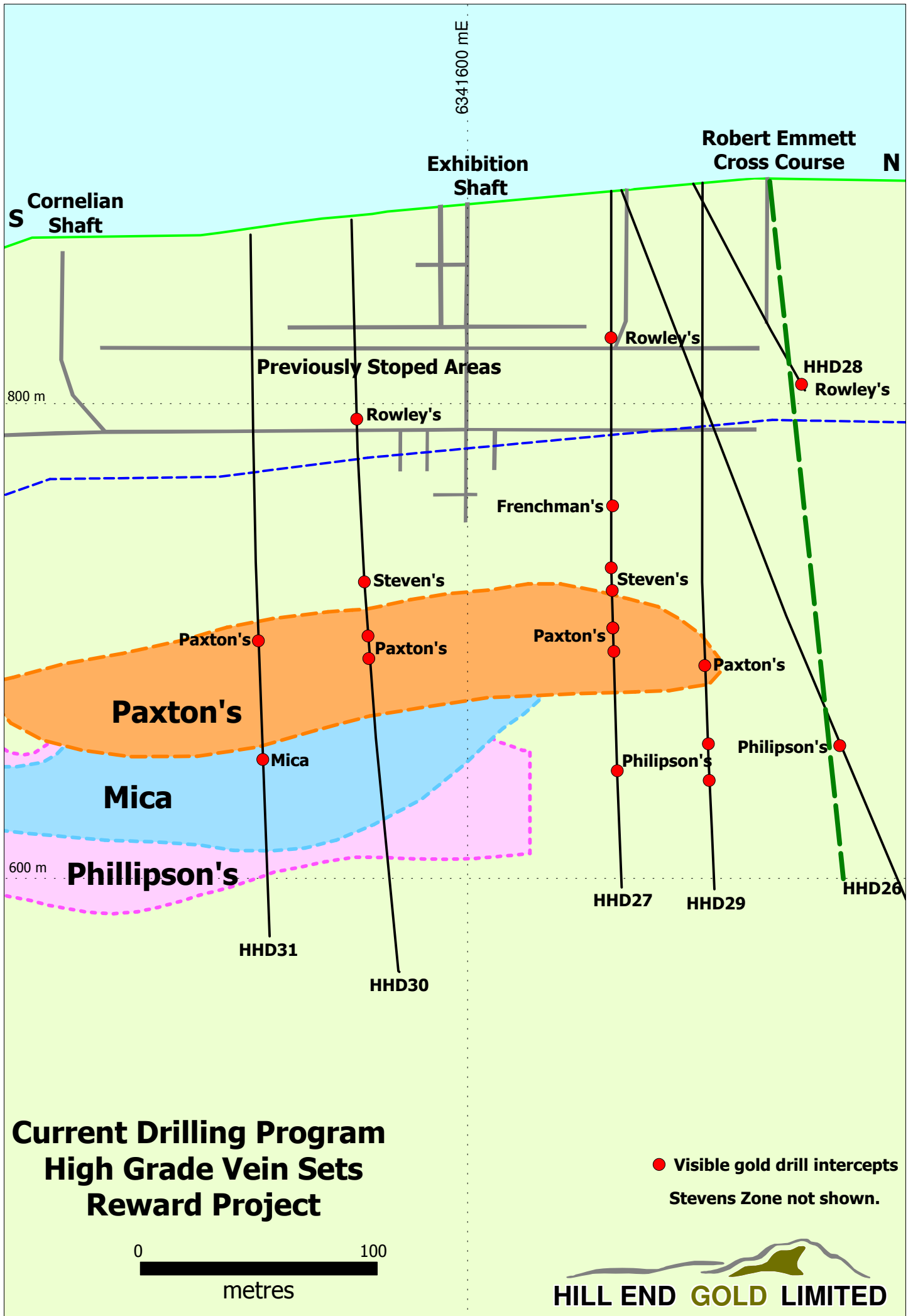
Hole Number	Vein Intercept Northing	From (m)	To (m)	Interval (m)	Gold Grade (g/t)	COMMENT
HHD14	6341393	253.21	253.35	0.14	0.82	Paxton's Only
		256.67	256.83	0.16	1.30	
HHRCD24	6341408	210.22	210.34	0.12	2.28	Paxton's Only
		218.16	218.46	0.30	39.60	
		224	224.12	0.12	2.57	
HHD13	6341472 including	218.77	218.91	1.03	11.96	Weighted average assay Hanging Wall Foot Wall
		219.33	219.8	0.14	0.01	
				0.47	26.20	
		223.3	223.55	0.25	5.98	
HHRCD20	6341543 including	203.05	203.15	0.90	7.85	Weighted average assay Hanging Wall Foot Wall
		203.40	203.95	0.10	6.32	
				0.55	11.70	
		205.30	205.42	0.12	1.11	
HHD30	6341559	167.01	183.70	24 qtz veins	Pending	Weighted average assay Hanging Wall Foot Wall
		183.30	183.63	1.40	106.06	
NRI005	6341589	184.48	184.70	0.33	422.70*	Hanging Wall Foot Wall
				0.22	40.9*	
		185.30	188.84	8 qtz veins	Pending	
NRI009	6341596	217.00	217.10	0.10	3.37 **	Weighted average assay Hanging Wall Foot Wall
		220.32	220.50	0.88	208.17	
		220.87	221.20	0.18	16.70	
HHD25	6341618 including	220.18	220.25	0.07	9.65**	Paxton's Only
		223.81	223.92	0.11	3.11	
		224.50	224.65	0.15	3.44**	
HHD27	6341661	201.2	201.3	0.96	1.31	Weighted average assay Hanging Wall Foot Wall
		202.07	202.16	0.10	10.05	
				0.09	2.76	
		203.68	203.78	0.10	6.99	
HHD29	6341701	206.64	206.84	0.20	1.56	Hanging Wall Foot Wall
		187.90	188.08	0.18	3.71	
		188.08	188.22	0.14	40.00	
		191.88	192.05	0.17	4.87	
		195.25	195.65	0.40	11.60	
		198.20	198.50	1.28	6.03	
		198.50	198.80	0.30	19.85	
		199.32	199.48	0.30	2.73	
202.16	202.32	0.16	5.87			
HHD27	6341661	202.16	202.32	0.16	5.83	Weighted average assay Hanging Wall Foot Wall
		209.60	209.80	0.20	1.43	
		212.75	213.00	0.25	1.88	
HHD29	6341701	202.83	203.07	0.24	Pending	Hanging Wall Foot Wall
		203.07	203.31	0.24	Pending	

* Amalgam gold assay.

** 50g Fire Assay.

All other assays are by Screen Fire Assay.

True widths are approximately 90% of the downhole interval, except for HHD27+ which are 70%.



**Current Drilling Program
High Grade Vein Sets
Reward Project**

● Visible gold drill intercepts
Stevens Zone not shown.

